

Exhibit A

ADMINISTRATIVE PROVISIONS

1. **Compliance:** The Industrial Development Board (“IDB”) will expand and enhance its compliance procedures, including random site visits, verification of wages and employees, coordination with city and county audit departments and the coordination with the trustee and treasurer with respect to delinquent parcels. The IDB shall develop a streamlined process, beginning during the “Ramp-up Period,” to identify potential problems, determine the existence of defaults and to take appropriate action.
2. **Reporting:** The IDB shall forward copies of all meeting minutes to the Commission in a timely manner. In addition, IDB staff shall report semi-annually to the Commission’s Economic Development & Tourism Committee on the number and characteristics of the projects approved, the status of the PILOT portfolio, and other issues of interest and concern to the Commission.
3. **PILOT Incentive Scoring Matrix:** The IDB shall continue to use a matrix process to evaluate applications for the PILOT incentive program. To insure the community is attractive for large employers and/or those with highly compensated jobs, the Board shall:
 - a. **Jobs:** Award matrix points for all jobs, as determined by the IDB, without penalizing large employers by placing limits on the number of total points they may earn or by reducing or eliminating the incentive for jobs created above a threshold number.
 - b. **Wages/Benefits:** Award matrix points for all wages and benefits paid, as determined by the IDB, without penalizing employers with highly compensated jobs by placing limits on the number of total points they may earn or by reducing or eliminating the incentive for wages/benefits above a threshold number.
4. **But-For Test:** To insure that the IDB has qualitative information needed to make sound decisions and that the community can better understand why those decisions were made, replace the existing “But-For Test” in the PILOT application process with a requirement that applicants discuss the competitive environment for their project and the primary factors that will determine the location of that project.
5. **Cap on PILOT Term:** To insure that viable properties remain attractive to expansion and attraction projects and that the IDB is not limited in its mission to grow jobs and investment in Shelby County, the IDB will clarify that the cap on the number of years in the PILOT program refers to a specific project, not a parcel of real estate. At its discretion, the IDB may award a new PILOT to a project that will occupy a building in which a previous PILOT recipient operated, without regard to how many years the prior PILOT occupant had been awarded. That prior PILOT has no bearing on the value of the current project and therefore shall have no impact on the IDB’s decision.
6. **Complex Projects with Multiple Sites:** While not common, the IDB shall reiterate its willingness to consider projects under a single PILOT -- so as to minimize the time, energy and cost of all concerned – that as determined by the IDB reasonably includes: (a) PILOT-assisted investment at one or more contiguous or non-contiguous sites; and (b) associated job creation counted within the PILOT scoring matrix at those and other contiguous or non-contiguous sites in Shelby County identified in the PILOT application. To facilitate monitoring and accommodate future business contingencies, for the purpose of counting jobs for reporting purposes, all sites approved by the IDB will be considered as one.

SUBSTANTIVE PROCEDURES

1. **Recapture Payments/Default Provisions:** To better balance the desire to protect the community against potential risk while at the same time providing an inviting and competitive environment to retain and attract new jobs and investments, the IDB shall institute a 3-year test as outlined below, reporting to the Commission annually on the number and nature of non-performing PILOT projects. Under this test, the IDB shall:

- a. **Bankruptcy/Closure:** Immediately refer to the Performance & Review Committee all PILOTs where the company has ceased operations or filed for protection under Chapter 7 of Title 11 of the United States Code at any time during the PILOT lease term. Once the Committee determines that retaining the PILOT is not necessary to attract a successor who will retain the jobs and investment as required in the PILOT lease, the Committee shall recommend the IDB terminate the PILOT lease. As closing/bankruptcy is an unanticipated loss on all concerned, no further remedy is provided.
 - b. **Relocation Prior to End of PILOT Term:** Immediately terminate the PILOT lease if a company moves prior to the end of its PILOT term without prior IDB approval. Though current policy provides for a “Recapture” of forgone tax revenues, no further remedy is provided during the test period. This component will be closely monitored by the IDB and reported to the Commission to determine if the benefit of not requiring costly letters of credit or escrowed funds outweighs any real loss to the taxpayers.
 - c. **Default at Any Time During PILOT Term:** Immediately refer to the Performance & Review Committee all PILOTs when the company has not, or indicates it cannot, meet its performance requirements. The Performance & Review Committee will recommend to the IDB a “claw back” or reduction of the PILOT term by applying the matrix used to award the benefit to the firm’s actual performance metrics.
2. **Major Tourism Projects:** To provide an additional tool to attract major tourism projects that will add significant benefit to the County’s economy, the IDB shall have the authority to waive its median and minimum wage/benefit thresholds and the requirement for health care benefits and include in the matrix calculation of PILOT benefits full-time equivalent jobs for projects that meet the thresholds for participating projects under the Convention Center and Tourism Development Financing Act of 1998 (Title 7, Chapter 88 of the Tennessee Code). Those thresholds currently require, in part, a combined public and private investment of \$200 million or \$100 million for a privately owned/operated amusement or theme park.
3. **Residency Requirement:** The IDB shall encourage all PILOT recipients to hire as many Shelby County residents as feasible and provide a list of available service providers who can assist in that effort. To eliminate the cost and uncertainty firms have in sourcing the talent they need and in monitoring and enforcing residency requirements on their personnel, the IDB shall remove the requirement that seventy five percent (75%) of all PILOT recipient employees reside in Shelby County.
4. **Evaluation Committee:** To streamline the PILOT application review process, the role of the Evaluation Committee shall be integrated into the full IDB which shall at one meeting, unless special circumstances require additional time, receive the staff evaluation and recommendation, question the applicant, determine the project’s merits and decide whether to award a PILOT and, if so, at what level.